

MAKING AGRICULTURAL INVESTMENT WORK FOR AFRICA:  
a parliamentarian's response to the land rush

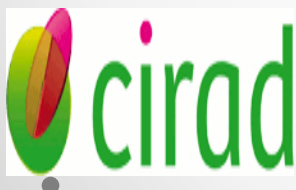
TIRER PROFIT DES INVESTISSEMENTS:  
la réponse parlementaire à la ruée vers les terres



Johannesburg » South Africa » 11 - 12 August 2014 | Johannesburg » Afrique du Sud » 11 - 12 août 2014

# Large-Scale Land Based Investments in Southern Africa

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African Union



African Development Bank



Economic Commission for Africa

LAND POLICY INITIATIVE



# Outline

- 1) Large-scale land acquisitions in Southern Africa – State, features and drivers
- 2) investment models, implications, and agrarian change – Towards new opportunities for Southern Africa?

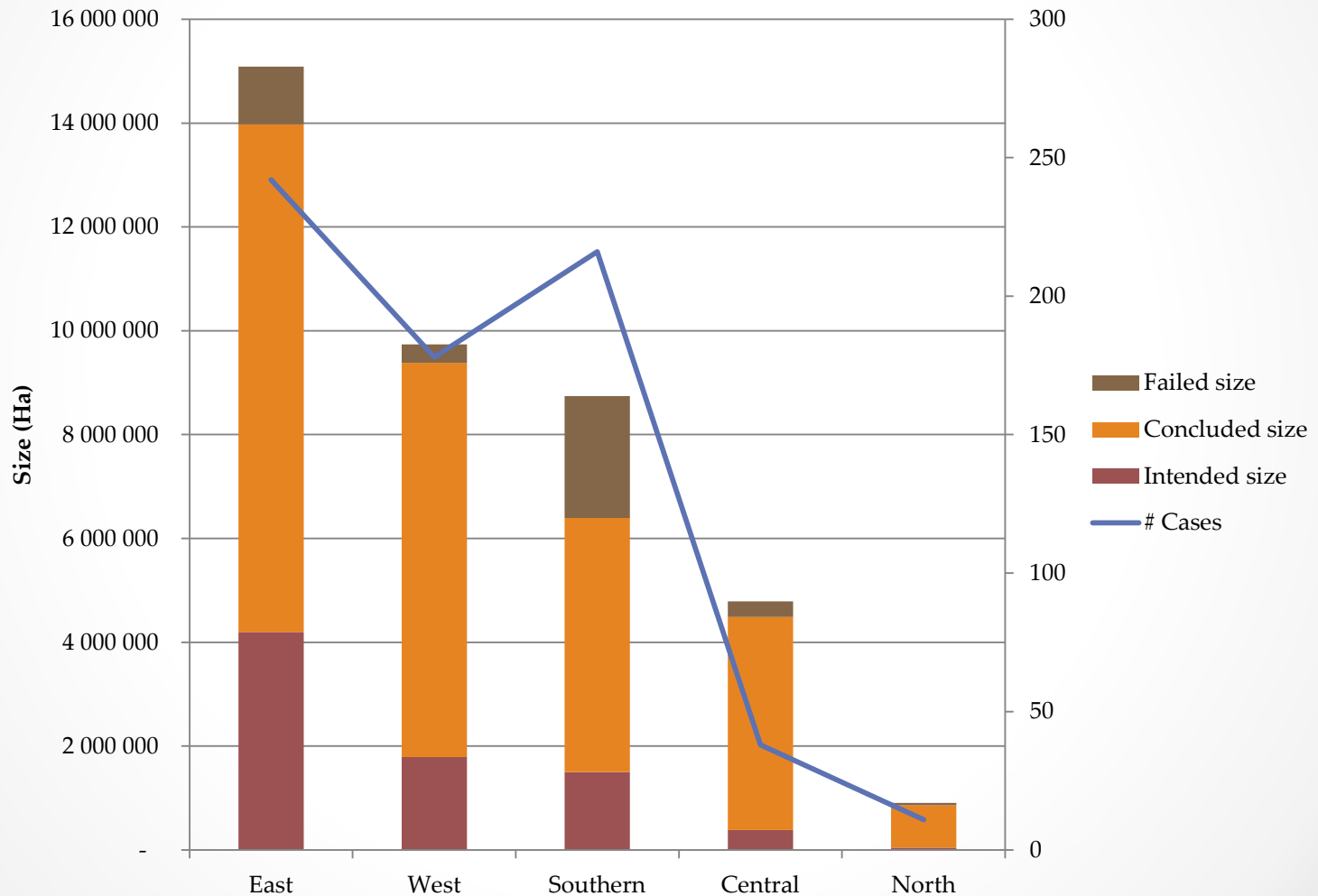
# Large-scale land acquisitions in Southern Africa – State, features and drivers

# The rush for land in Southern Africa

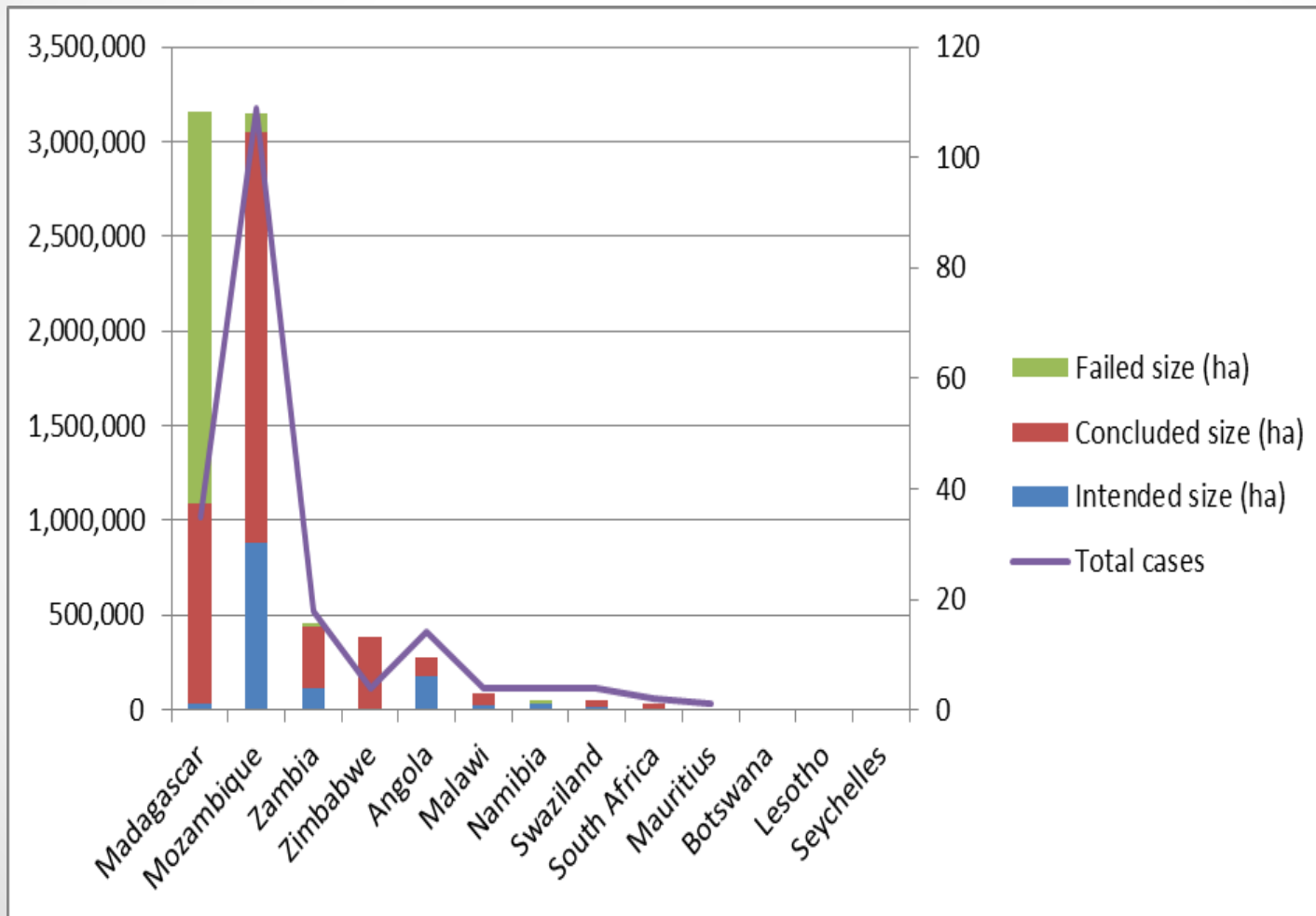
	Number of deals	Size (ha)*
Intended (Under negotiation)	45	1,285,914
Concluded (Contract signed)	127	4,152,351
Of which in operation	62	79,210
Of which abandoned	9	1,162,848
Failed (Negotiations failed)	23	2,206,500
<b>TOTAL</b>	<b>195</b>	<b>7,644,765</b>

Caution: Quantification difficult (non-transparent, domestic, sector, phase)  
All stages of progress

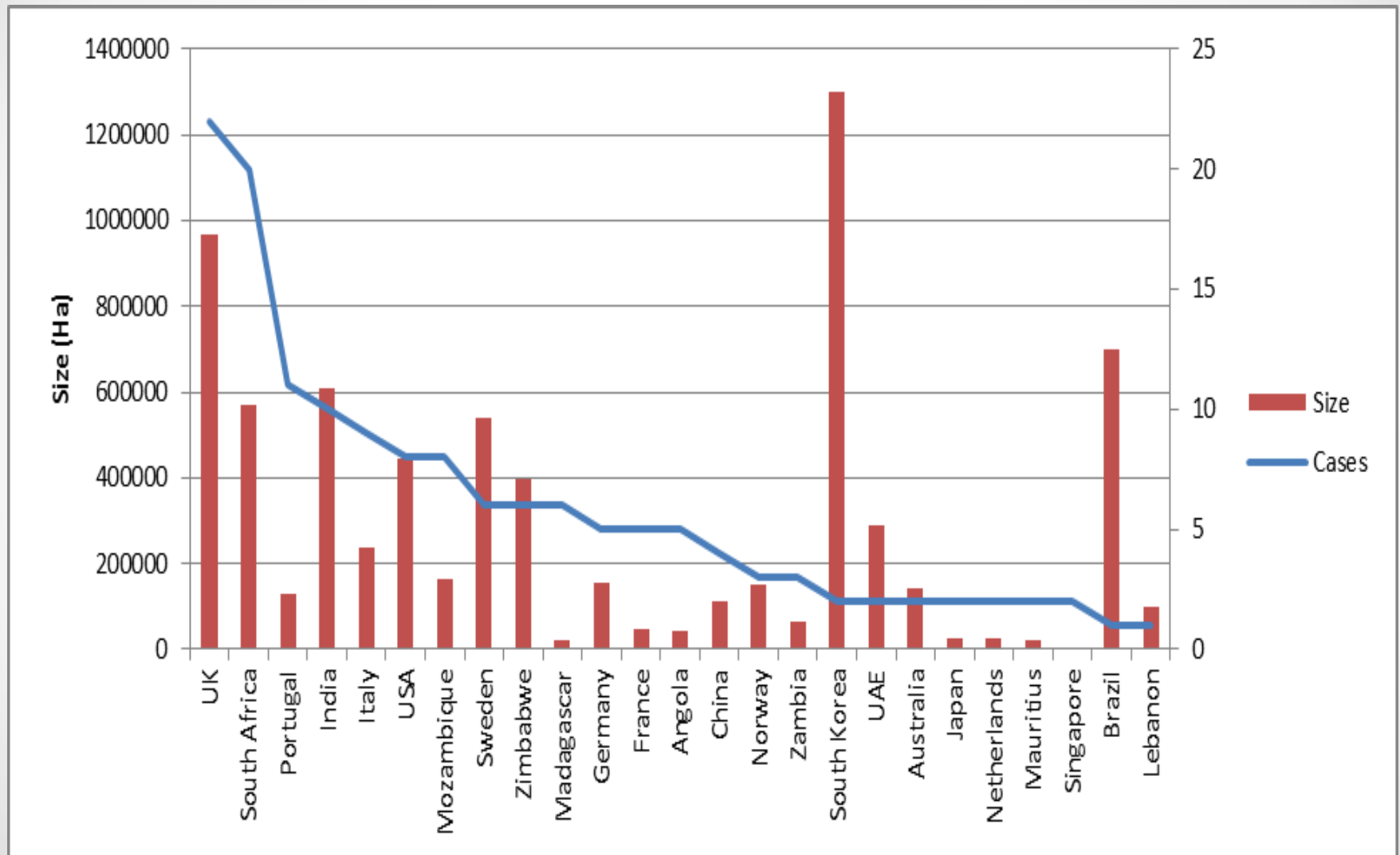
# The rush for land in Southern Africa



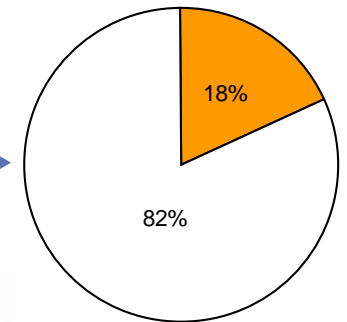
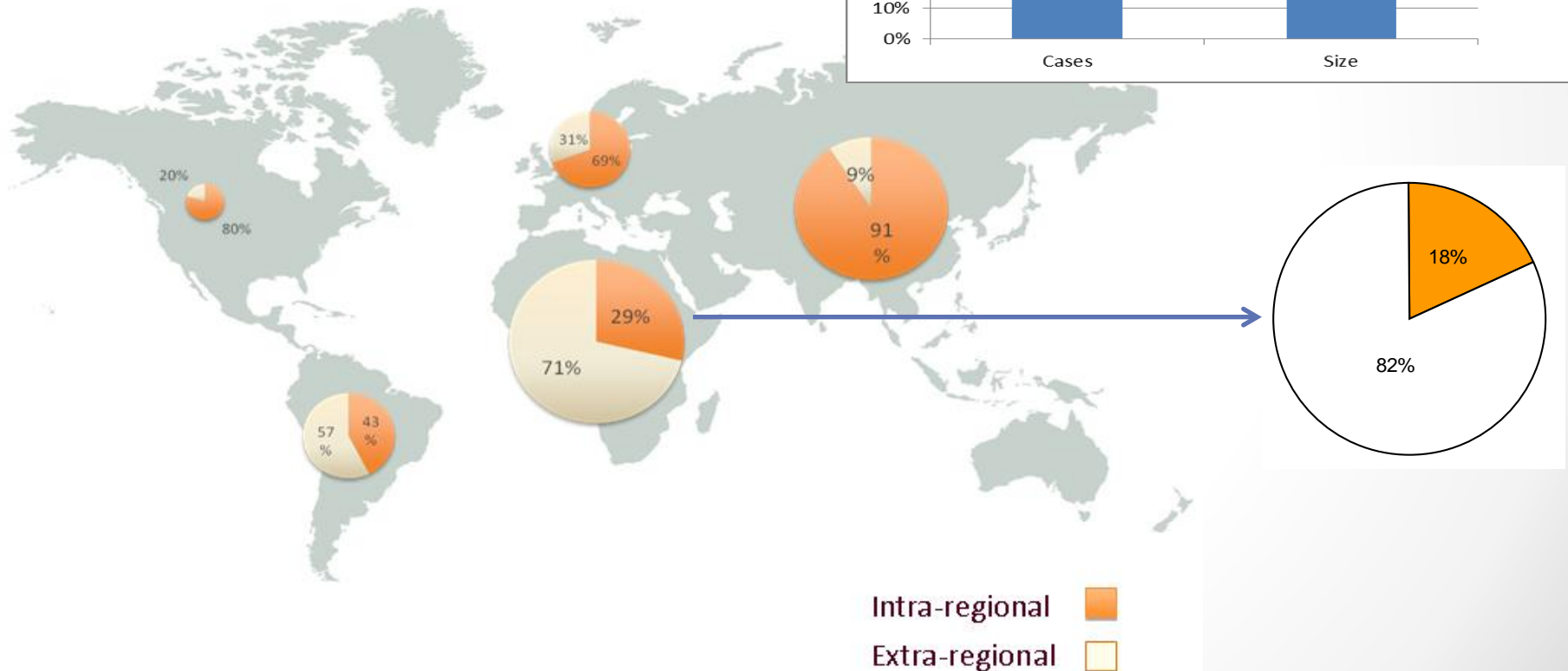
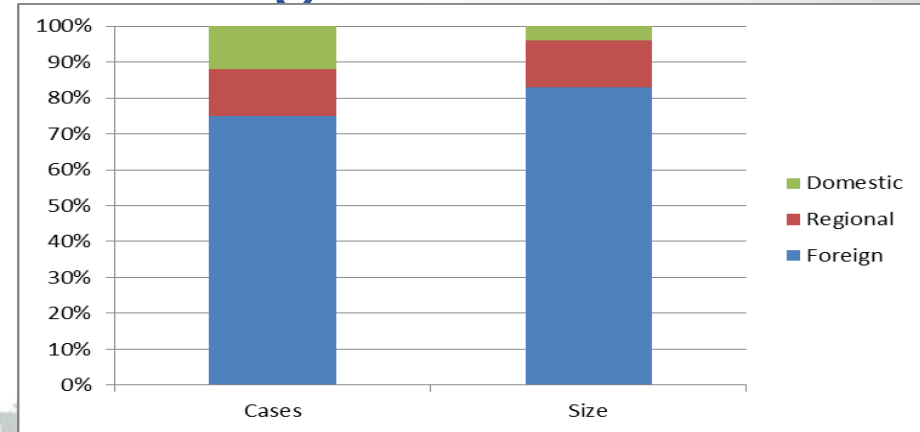
# Certain Southern African countries are the most affected in the world



# LSLBI Investor countries in Southern Africa



# Majority of the large scale land acquisition cases in the region are by/with foreign investors



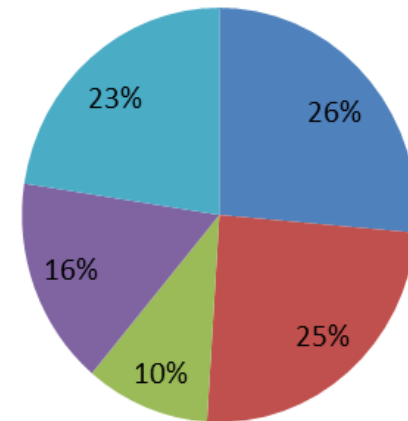
Sovereignty questions



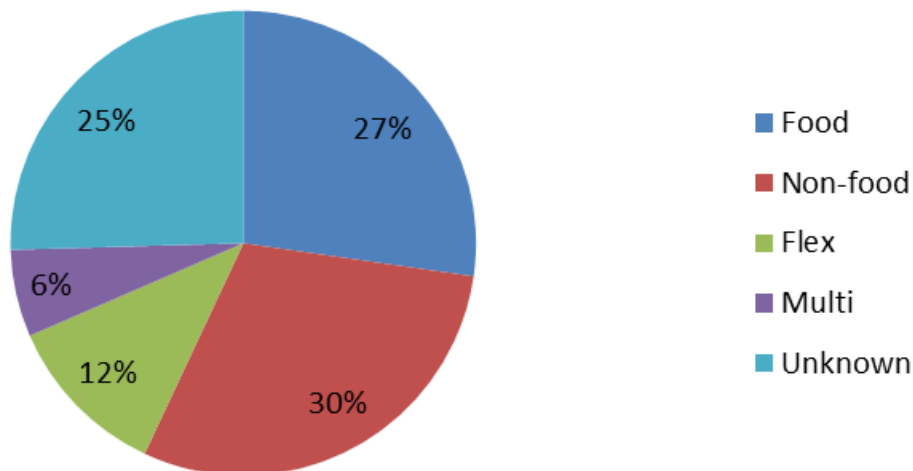
# The rush for land is not only for agriculture and food security

Agriculture - Primary driver  
(73.3% of size, 84.6% of  
number of cases)

**Agricultural sub-sectors (Area)**



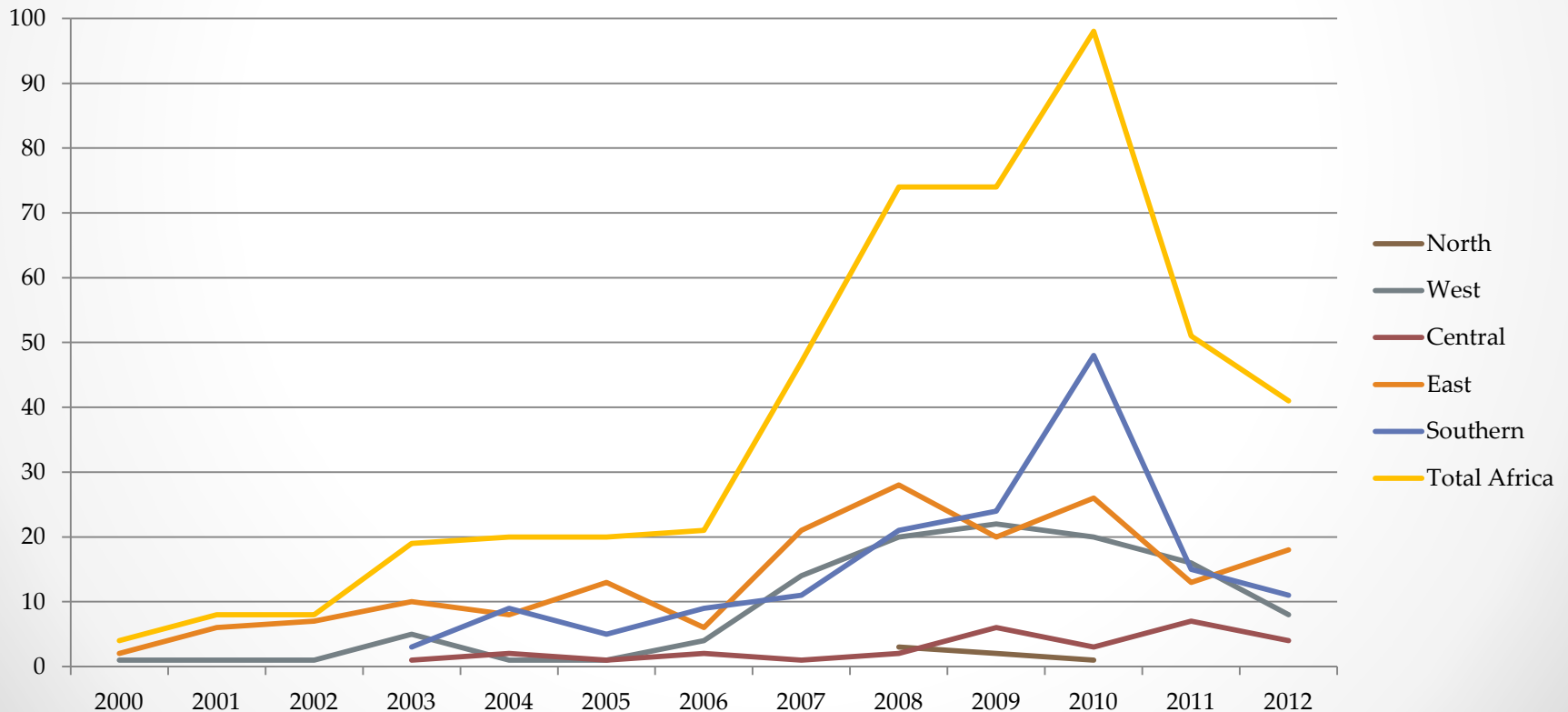
**Agricultural sub-sectors (#cases)**



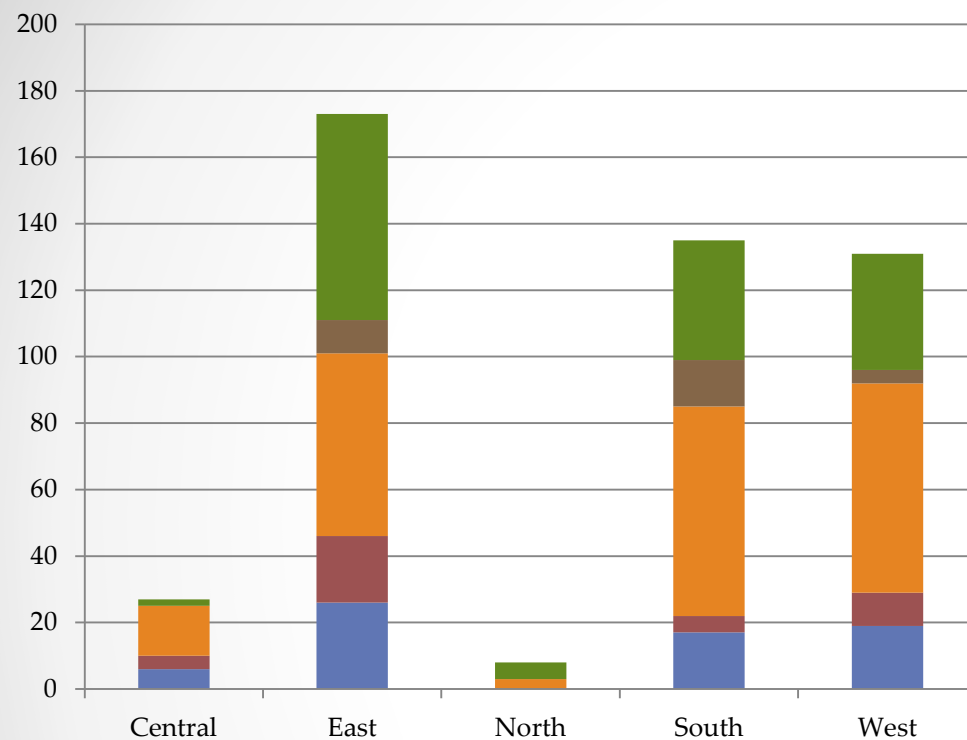
But not food...  
Questioning food security

# Slowing down overall, but evidence of long-term trend of growing commercial interest in land

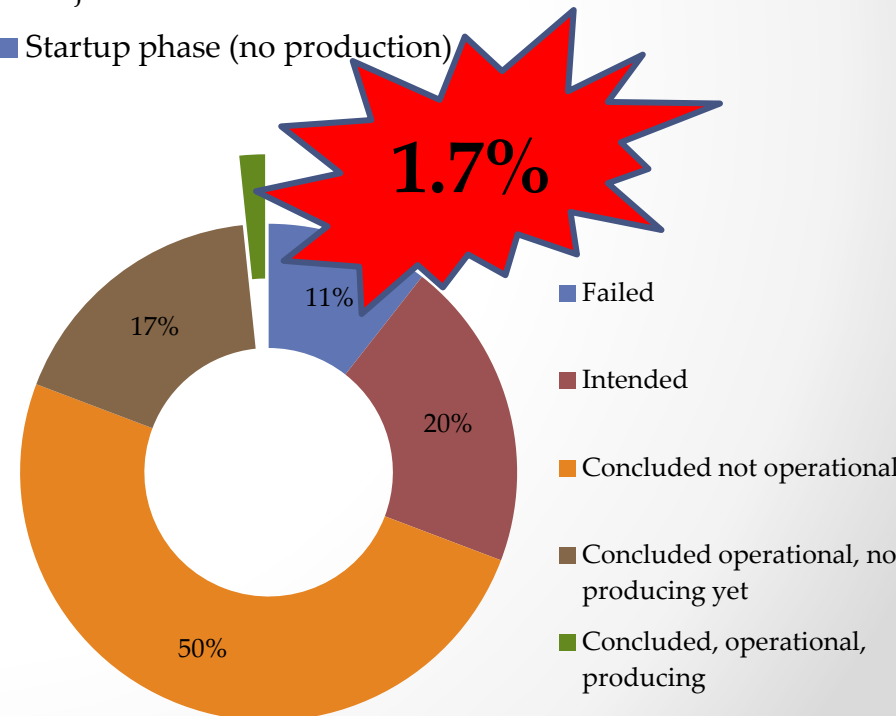
Reasons: Credit crunch, high failures, less media focus, civil awareness, countries are getting better preapred



# Little effective production



- Unknown
- Project abandoned
- In operation (production)
- Project not started
- Startup phase (no production)



Africa

**investment models, implications,  
and agrarian change – Towards  
new opportunities for Southern  
Africa?**

# Different LSLBI with different outcomes

Independent farmer model	Associative farmer model	Cooperative farmer model	Speculative 1000-day model	Asset management and Investment funds model	Nucleus estate model	Agribusiness Estate model
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**High failures/unproductive**

- *Uncertain governance, institutional environments and the difficulty of doing business*
- *Technicality of the projects*
- *The lack of markets*
- *Lack of financial services*
- *High settling and transaction costs*

**Change of strategy / Increased integration**

- *To overcome high risks related to settlement in less developed agrarian economies*

**Few «inclusive» growth and business models**

# Implications of large-scale land based investments in Southern Africa

Some (longer term) trends are becoming clear

- Unravelling LSLBI – Different investment models leading to different outcomes
- Integration/corporate/concentration trend
  - Based on high risk/failure environment
  - Corporisation, financialisation, closed value-chains
  - Concentration, dualisation, marginalisation
  - Proletarianisation
- Southern African agrarian front
  - Organised agriculture: investments/development/services – agrarian change
  - Paradigm being supported and becoming dominant

# Concluding thoughts

- Agrarian change in Southern Africa
  - Yes, probably
  - Very little
  - With very few positive results
  - Change not there where expected/announced, by the promoters of LSLBI
  - Investments based on large-scale land loss, implemented in non-transparent manner, are not successful
- Governance
  - Not only an investor issue
  - Agricultural, land, democratic and overall economic
  - Some progress – but too little
- Lack of LT reflection, alternative development trajectories - Provoking a new era in land rights and rural *development*